

How corporate SA can transition towards customer centricity and embrace the global paradigm

 By [Matthew Westaway](#)

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It's 2018 and if your company is not thinking about embracing the global paradigm towards customer centricity, then you should spend your remaining profits on building a time machine. You'll need it to review all the moments that lead to your demise.

In order to remain relevant, companies need to innovate their value proposition at a rate of change greater than or equal to the rate of change of their customers' needs and expectations, which is fueled by the exponential growth in technology (which, at this rate, Elon Musk suggests we are in a simulation).

To retain customers from hungry new entrants and progressive competitors, companies need to transition their thinking from how they can extract the most profit from their "historically loyal customers" to how they can better satisfy their customers' needs and provide them with a world-class customer experience.

In short, to remain relevant and competitive in this paradigm companies need to become customer centric.

South African companies have been slow to realise this paradigm with almost [two thirds of companies](#) (63.4%) in South

Africa believing disruption and innovation will have little to no impact on their operations. Either they did not hear what happened to the likes of Kodak and BlackBerry or they are comforted by the scary statistic stating that 80% of new businesses fail within their first year, therefore posing no threat.



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However, those that have embraced the paradigm and gravitated towards customer centricity have reaped the benefits and expanded their market share. Two local examples are Yoco and Capitec, which have disrupted the banking industry. [Yoco](#) is currently the fastest growing independent mobile point of sale player in South Africa. In under ten minutes anyone can sign up to accept card payments. [Capitec](#) has recently eclipsed ABSA as the second largest bank in South Africa. A colleague recently shared their experience of signing up for an account at Capitec; 14 minutes after walking in the door they left with a fully registered bank account. By placing the customer at the heart of their organisations they have continuously exceeded their customers expectations.

Transitioning a company towards customer centricity involves adopting a new way of thinking premised in the new paradigm. Unfortunately, traditional consulting methods remain focused on the bottom line and cannot successfully convert a company towards customer centricity.

In order to transition into the new paradigm South African companies need not break the bank.

Here are two simple ways companies can transition to customer centricity:

1. Starting with why

Few businesses know why they do what they do. However, as discovered by Simon Sinek, all great leaders and companies know exactly why they do what they do and they communicate it thoroughly. They do so because they know that people buy why they do things and not necessarily what they do. Therefore, if people believe in why you do things, they'll be far more open to any future products you offer. Watch his Ted Talk [here](#).

A classic local example is Discovery. They do what they do because they believe people should live healthier, enhanced and protected lives. This has allowed them to diversify their value propositions and expand their market share horizontally from healthcare to banking, without altering the identity of their brand. Whereas their competitors who focus on what they sell (medical aid) have struggled to offer their customers anything else.

2. Embrace design principles

In 2004, a Design Value Index was created comprising of 16 public companies (these included Apple, Coca Cola, P&G, Walt Disney and Starbucks to name a few) to track how they performed relative to the S&P 500 Index (SPX).

What these companies had in common was that they were considered to be customer centric and have design principles, such as empathy, teamwork or collaboration and testing new ideas at the core of their operations.

The [results](#) show that over the past 10 years customer centric companies have maintained a significant advantage, outperforming the S&P by an extraordinary 211%.

The most recent addition to the Design Value Index is the previously engineering-centric company SAP whose co-founder Hasso Plattner, after reading on [article](#) on IDEO in 2004, became convinced that a customer-centric approach was the best way to tackle complex challenges and make his software more intuitive and easy to use.

However, embedding design principles is not without its challenges. Traditional companies are notorious for having siloed structures where departments operate independently to minimise risk. These companies also have heavily layered governance structures and strict methods of ensuring accountability.

As a result the key design principles of collaboration, empathy and testing new ideas are challenged because collaboration between business units is not facilitated; customer insights are often disregarded by decision makers because they never engage with customers; and few employees are willing to support new ideas out of fear for being criticised if the idea fails.

These challenges are the reasons why traditional companies and their internal innovation teams struggle to successfully develop innovative value propositions faster than their customer-centric peers.

To embrace design principles and become customer centric I believe companies should:

- Embrace the 70:20:10 rule – made famous by the ex-CEO of Google, Eric Schmidt – which states that companies should spend 70% of their time on their core business and satisfying existing customer needs, 20% on testing new ideas and 10% on exploring new markets. Unsurprisingly, spending most of your time on delivering an existing value proposition with excellent customer service is often enough to secure your market share and prevent disruption.
- Entrust the remaining 30% of innovation to an external innovation partner who can develop and test new value propositions without being slowed down by the aforementioned challenges. (Preferably an innovation partner whose teams have been trained in the principles of design thinking by a reputable institution. One such institution in South Africa, which also does executive training in design thinking, is the Hasso Plattner Institute of Design Thinking at the University of Cape Town, commonly known as the 'd-school'.)



"Design thinking" can prepare graduates for the real working world

Rael Futerman 16 Feb 2017



- Encourage their employees to become vocal about customer challenges and be empowered to tackle these challenges themselves through using the design thinking methodology in sessions facilitated by the innovation partner. These sessions will ingrain design-led innovation principles in all employees, thus slowly transitioning the company one employee at a time.



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- Encourage decision makers to go on customer immersions to listen to their customers and understand their needs

first hand. Since this is not always possible, one can follow in Amazon's footsteps whereby CEO George Bizo insists on keeping an empty chair in every board meeting to represent the customer.

Finally, when it comes to implementing solutions, South African corporates looking to make a difference can do so by turning to small businesses, in their enterprise and supplier development programmes, that are eager, underutilised and looking to remain relevant in the supply chain. For those solutions that do not make it to fruition, corporates can make them open source so that other companies with similar customer challenges may implement them. After all, wouldn't it be great to contribute to a world where all customer needs are satisfied?

ABOUT MATTHEW WESTAWAY

Matthew Westaway is the co-founder of award winning design-led innovation studio Motsoaledi & West (M&W).
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